

Senate File 295

H-1315

Amend the amendment, H-1311, to Senate File 295, as passed by the Senate, as follows:

1. Page 18, after line 49 by inserting:

<DIVISION

COUNTY AND CITY BUDGET LIMITATION

Sec. \_\_\_\_\_. Section 23A.2, subsection 10, paragraph h, Code 2013, is amended to read as follows:

h. The performance of an activity listed in section 331.424, Code 2013 as a service for which a supplemental levy county may be certified include in its budget.

Sec. \_\_\_\_\_. Section 28M.5, subsection 2, Code 2013, is amended to read as follows:

2. If a regional transit district budget allocates revenue responsibilities to the board of supervisors of a participating county, the amount of the regional transit district levy that is the responsibility of the participating county shall be deducted from the maximum rates amount of taxes authorized to be levied by the county pursuant to section 331.423, subsections 1 and 2 subsection 3, paragraph "b" and "c", as applicable, unless the county meets its revenue responsibilities as allocated in the budget from other available revenue sources. However, for a regional transit district that includes a county with a population of less than three hundred thousand, the amount of the regional transit district levy that is the responsibility of such participating county shall be deducted from the maximum rate amount of taxes authorized to be levied by the county pursuant to section 331.423, subsection 1 3, paragraph "b".

Sec. \_\_\_\_\_. Section 29C.17, subsection 2, paragraph a, Code 2013, is amended by striking the paragraph.

Sec. \_\_\_\_\_. Section 123.38, subsection 2, Code 2013, is amended to read as follows:

2. Any licensee or permittee, or the licensee's or permittee's executor or administrator, or any person duly appointed by the court to take charge of and administer the property or assets of the licensee or permittee for the benefit of the licensee's or permittee's creditors, may voluntarily surrender a license or permit to the division. When a license or permit is surrendered the division shall notify the local authority, and the division or the local authority shall refund to the person surrendering the license or permit, a proportionate amount of the fee received by the division or the local authority for the license or permit as follows: if a license or permit is surrendered during the first three months of the period for which it was issued, the refund

1 shall be three-fourths of the amount of the fee;  
2 if surrendered more than three months but not more  
3 than six months after issuance, the refund shall be  
4 one-half of the amount of the fee; if surrendered more  
5 than six months but not more than nine months after  
6 issuance, the refund shall be one-fourth of the amount  
7 of the fee. No refund shall be made, however, for  
8 any special liquor permit, nor for a liquor control  
9 license, wine permit, or beer permit surrendered more  
10 than nine months after issuance. For purposes of this  
11 subsection, any portion of license or permit fees  
12 used for the purposes authorized in section 331.424,  
13 subsection 1, paragraph "a", subparagraphs (1) and  
14 (2), Code 2013, and in section 331.424A, shall not be  
15 deemed received either by the division or by a local  
16 authority. No refund shall be made to any licensee or  
17 permittee, upon the surrender of the license or permit,  
18 if there is at the time of surrender, a complaint filed  
19 with the division or local authority, charging the  
20 licensee or permittee with a violation of this chapter.  
21 If upon a hearing on a complaint the license or permit  
22 is not revoked or suspended, then the licensee or  
23 permittee is eligible, upon surrender of the license  
24 or permit, to receive a refund as provided in this  
25 section; but if the license or permit is revoked or  
26 suspended upon hearing the licensee or permittee is not  
27 eligible for the refund of any portion of the license  
28 or permit fee.

29 Sec. \_\_\_\_\_. Section 218.99, Code 2013, is amended to  
30 read as follows:

31 **218.99 Counties to be notified of patients' personal**  
32 **accounts.**

33 The administrator in control of a state institution  
34 shall direct the business manager of each institution  
35 under the administrator's jurisdiction ~~which is~~  
36 ~~mentioned in section 331.424, subsection 1, paragraph~~  
37 ~~"a", subparagraphs (1) and (2), and for which services~~  
38 are paid under section 331.424A, to quarterly inform  
39 the county of legal settlement's entity designated to  
40 perform the county's central point of coordination  
41 process of any patient or resident who has an amount  
42 in excess of two hundred dollars on account in the  
43 patients' personal deposit fund and the amount on  
44 deposit. The administrators shall direct the business  
45 manager to further notify the entity designated to  
46 perform the county's central point of coordination  
47 process at least fifteen days before the release of  
48 funds in excess of two hundred dollars or upon the  
49 death of the patient or resident. If the patient or  
50 resident has no county of legal settlement, notice

1 shall be made to the director of human services and the  
2 administrator in control of the institution involved.

3 Sec. \_\_\_\_\_. Section 331.263, subsection 2, Code 2013,  
4 is amended to read as follows:

5 2. The governing body of the community commonwealth  
6 shall have the authority to levy county taxes and shall  
7 have the authority to levy city taxes to the extent the  
8 city tax levy authority is transferred by the charter  
9 to the community commonwealth. A city participating  
10 in the community commonwealth shall transfer a portion  
11 of the city's tax levy authorized under section 384.1  
12 or 384.12, whichever is applicable, to the governing  
13 body of the community commonwealth. The maximum  
14 ~~rates amount~~ of taxes authorized to be levied under  
15 ~~sections section~~ 384.1 and the maximum amount of taxes  
16 authorized to be levied under section 384.12 by a city  
17 participating in the community commonwealth shall be  
18 reduced by an amount equal to the rates of the same or  
19 similar taxes levied in the city by the governing body  
20 of the community commonwealth.

21 Sec. \_\_\_\_\_. Section 331.301, subsection 12, Code  
22 2013, is amended to read as follows:

23 12. The board of supervisors may credit funds to  
24 a reserve for the purposes authorized by subsection  
25 11 of this section; ~~section 331.424, subsection 1,~~  
26 ~~paragraph "a", subparagraph (5);~~ and section 331.441,  
27 subsection 2, paragraph "b". Moneys credited to the  
28 reserve, and interest earned on such moneys, shall  
29 remain in the reserve until expended for purposes  
30 authorized by subsection 11 of this section; ~~section~~  
31 ~~331.424, subsection 1, paragraph "a", subparagraph (5);~~  
32 or section 331.441, subsection 2, paragraph "b".

33 Sec. \_\_\_\_\_. Section 331.421, subsections 1 and 10,  
34 Code 2013, are amended by striking the subsections.

35 Sec. \_\_\_\_\_. Section 331.421, Code 2013, is amended by  
36 adding the following new subsection:

37 NEW SUBSECTION. 7A. "Item" means a budgeted  
38 expenditure, appropriation, or cash reserve from a  
39 fund for a service area, program, program element, or  
40 purpose.

41 Sec. \_\_\_\_\_. Section 331.422, unnumbered paragraph 1,  
42 Code 2013, is amended to read as follows:

43 Subject to this section and sections 331.423 through  
44 ~~331.426~~ 331.424 or as otherwise provided by state law,  
45 the board of each county shall certify property taxes  
46 annually at its March session to be levied for county  
47 purposes as follows:

48 Sec. \_\_\_\_\_. Section 331.423, Code 2013, is amended by  
49 striking the section and inserting in lieu thereof the  
50 following:

1       **331.423 Property tax dollars — maximums.**

2       1. Annually, the board shall determine separate  
3 property tax levy limits to pay for general county  
4 services and rural county services in accordance with  
5 this section. The property tax levies separately  
6 certified for general county services and rural county  
7 services under section 331.434 shall not raise property  
8 tax dollars that exceed the amount determined under  
9 this section.

10      2. For purposes of this section and section  
11 331.423B, unless the context otherwise requires:

12      *a. "Annual growth factor"* means an index, expressed  
13 as a percentage, determined by the department of  
14 management by January 1 of the calendar year in which  
15 the budget year begins. In determining the annual  
16 growth factor, the department shall calculate the  
17 average of the preceding twelve-month percentage  
18 change, which shall be computed on a monthly basis,  
19 in the midwest consumer price index, ending with the  
20 percentage change for the month of November. The  
21 department shall then add that average percentage  
22 change to one hundred percent. In no case, however,  
23 shall the annual growth factor exceed one hundred four  
24 percent.

25      *b. "Boundary adjustment"* means annexation,  
26 severance, incorporation, or discontinuance as those  
27 terms are defined in section 368.1.

28      *c. "Budget year"* is the fiscal year beginning  
29 during the calendar year in which a budget is  
30 certified.

31      *d. "Current fiscal year"* is the fiscal year  
32 ending during the calendar year in which a budget is  
33 certified.

34      *e. "Net new valuation taxes"* means the amount of  
35 property tax dollars equal to the current fiscal year's  
36 levy rate in the county for general county services or  
37 for rural county services, as applicable, multiplied by  
38 the increase from the current fiscal year to the budget  
39 year in taxable valuation due to the following:

40      (1) Net new construction, excluding all incremental  
41 valuation that is released in any one year from either  
42 a division of revenue under section 260E.4 or 357H.9,  
43 or an urban renewal area for which taxes were being  
44 divided under section 403.19 if the property for  
45 the valuation being released remains subject to the  
46 division of revenue under section 260E.4 or 357H.9, or  
47 remains part of the urban renewal area that is subject  
48 to a division of revenue under section 403.19.

49      (2) Additions or improvements to existing  
50 structures.

1 (3) Remodeling of existing structures for which a  
2 building permit is required.  
3 (4) Net boundary adjustment.  
4 (5) A municipality no longer dividing tax revenues  
5 in an urban renewal area as provided in section 403.19,  
6 a community college no longer dividing revenues as  
7 provided in section 260E.4, or a rural improvement zone  
8 no longer dividing revenues as provided in section  
9 357H.9.  
10 (6) That portion of taxable property located in an  
11 urban revitalization area on which an exemption was  
12 allowed and such exemption has expired.  
13 3. a. For the fiscal year beginning July 1, 2014,  
14 and subsequent fiscal years, the maximum amount of  
15 property tax dollars which may be certified for levy by  
16 a county for general county services and rural county  
17 services shall be the maximum property tax dollars  
18 calculated under paragraphs "b" and "c", respectively.  
19 b. The maximum property tax dollars that may be  
20 levied for general county services is an amount equal  
21 to the sum of the following:  
22 (1) The annual growth factor times the current  
23 fiscal year's maximum property tax dollars for general  
24 county services.  
25 (2) The amount of net new valuation taxes in the  
26 county.  
27 c. The maximum property tax dollars that may be  
28 levied for rural county services is an amount equal to  
29 the sum of the following:  
30 (1) The annual growth factor times the current  
31 fiscal year's maximum property tax dollars for rural  
32 county services.  
33 (2) The amount of net new valuation taxes in the  
34 unincorporated area of the county.  
35 4. a. For purposes of calculating maximum property  
36 tax dollars for general county services for the fiscal  
37 year beginning July 1, 2014, only, the term "*current*  
38 *fiscal year's maximum property tax dollars*" shall mean  
39 the total amount of property tax dollars certified by  
40 the county for general county services for the fiscal  
41 year beginning July 1, 2013.  
42 b. For purposes of calculating maximum property tax  
43 dollars for rural county services for the fiscal year  
44 beginning July 1, 2014, only, the term "*current fiscal*  
45 *year's maximum property tax dollars*" shall mean the  
46 total amount of property tax dollars certified by the  
47 county for rural county services for the fiscal year  
48 beginning July 1, 2013.  
49 5. Property taxes certified for mental health,  
50 mental retardation, and developmental disabilities

1 services, the emergency services fund in section  
2 331.424C, the debt service fund in section 331.430,  
3 any capital projects fund established by the county  
4 for deposit of bond, loan, or note proceeds, and  
5 any temporary increase approved pursuant to section  
6 331.424, are not included in the maximum amount of  
7 property tax dollars that may be certified for a budget  
8 year under subsection 3.

9 6. The department of management, in consultation  
10 with the county finance committee, shall adopt rules  
11 to administer this section. The department shall  
12 prescribe forms to be used by counties when making  
13 calculations required by this section.

14 Sec. \_\_\_\_\_. NEW SECTION. 331.423B Ending fund  
15 balance.

16 1. a. Budgeted ending fund balances for a budget  
17 year in excess of twenty-five percent of budgeted  
18 expenditures in either the general fund or rural  
19 services fund for that budget year shall be explicitly  
20 reserved or designated for a specific purpose.

21 b. A county is encouraged, but not required, to  
22 reduce ending fund balances for the budget year to an  
23 amount equal to approximately twenty-five percent of  
24 budgeted expenditures and transfers from the general  
25 fund and rural services fund for that budget year  
26 unless a decision is certified by the state appeal  
27 board ordering a reduction in the ending fund balance  
28 of any of those funds.

29 c. In a protest to the county budget under section  
30 331.436, the county shall have the burden of proving  
31 that the budgeted balances in excess of twenty-five  
32 percent are reasonably likely to be appropriated for  
33 the explicitly reserved or designated specific purpose.  
34 The excess budgeted balance for the specific purpose  
35 shall be considered an increase in an item in the  
36 budget for purposes of section 24.28.

37 2. a. For a county that has, as of June 30, 2013,  
38 reduced its actual ending fund balance to less than  
39 twenty-five percent of actual expenditures, additional  
40 property taxes may be computed and levied as provided  
41 in this subsection. The additional property tax levy  
42 amount is an amount not to exceed twenty-five percent  
43 of actual expenditures from the general fund and rural  
44 services fund for the fiscal year beginning July 1,  
45 2012, minus the combined ending fund balances for those  
46 funds for that year.

47 b. The amount of the additional property taxes  
48 shall be apportioned between the general fund and the  
49 rural services fund. However, the amount apportioned  
50 for general county services and for rural county

1 services shall not exceed for each fund twenty-five  
2 percent of actual expenditures for the fiscal year  
3 beginning July 1, 2012.

4 c. All or a portion of additional property tax  
5 dollars may be levied for the purpose of increasing  
6 cash reserves for general county services and rural  
7 county services in the budget year. The additional  
8 property tax dollars authorized under this subsection  
9 but not levied may be carried forward as unused ending  
10 fund balance taxing authority until and for the fiscal  
11 year beginning July 1, 2019. The amount carried  
12 forward shall not exceed twenty-five percent of the  
13 maximum amount of property tax dollars available in  
14 the current fiscal year. Additionally, property taxes  
15 that are levied as unused ending fund balance taxing  
16 authority under this subsection may be the subject of  
17 a protest under section 331.436, and the amount will  
18 be considered an increase in an item in the budget for  
19 purposes of section 24.28. The amount of additional  
20 property taxes levied under this subsection shall not  
21 be included in the computation of the maximum amount of  
22 property tax dollars which may be certified and levied  
23 under section 331.423.

24 Sec. \_\_\_\_\_. Section 331.424, Code 2013, is amended by  
25 striking the section and inserting in lieu thereof the  
26 following:

27 **331.424 Authority to levy beyond maximum property**  
28 **tax dollars.**

29 1. The board may certify additions to the maximum  
30 amount of property tax dollars to be levied for  
31 a period of time not to exceed two years if the  
32 proposition has been submitted at a special election  
33 and received a favorable majority of the votes cast on  
34 the proposition.

35 2. The special election is subject to the  
36 following:

37 a. The board must give at least thirty-two days'  
38 notice to the county commissioner of elections that the  
39 special election is to be held. In no case, however,  
40 shall a notice be given to the county commissioner  
41 of elections after December 31 for an election on a  
42 proposition to exceed the statutory limits during the  
43 fiscal year beginning in the next calendar year.

44 b. The special election shall be conducted by the  
45 county commissioner of elections in accordance with  
46 law.

47 c. The proposition to be submitted shall be  
48 substantially in the following form:

49 Vote "yes" or "no" on the following: Shall the  
50 county of \_\_\_\_\_ levy for an additional \$\_\_\_\_\_ each

1 year for \_\_\_ years beginning July 1, \_\_\_\_, in excess  
2 of the statutory limits otherwise applicable for the  
3 (general county services or rural services) fund?

4 d. The canvass shall be held beginning at 1:00 p.m.  
5 on the second day which is not a holiday following the  
6 special election.

7 e. Notice of the special election shall be  
8 published at least once in a newspaper as specified  
9 in section 331.305 prior to the date of the special  
10 election. The notice shall appear as early as  
11 practicable after the board has voted to submit a  
12 proposition to the voters to levy additional property  
13 tax dollars.

14 3. Registered voters in the county may vote on the  
15 proposition to increase property taxes for the general  
16 fund in excess of the statutory limit. Registered  
17 voters residing outside the corporate limits of a  
18 city within the county may vote on the proposition to  
19 increase property taxes for the rural services fund in  
20 excess of the statutory limit.

21 4. The amount of additional property tax dollars  
22 certified under this section shall not be included in  
23 the computation of the maximum amount of property tax  
24 dollars which may be certified and levied under section  
25 331.423.

26 Sec. \_\_\_\_\_. Section 331.424A, subsection 4, Code  
27 2013, is amended to read as follows:

28 4. For the fiscal year beginning July 1, 1996,  
29 and for each subsequent fiscal year, the county shall  
30 certify a levy for payment of services. For each  
31 fiscal year, county revenues from taxes imposed by the  
32 county credited to the services fund shall not exceed  
33 an amount equal to the amount of base year expenditures  
34 for services as defined in section 331.438, less the  
35 amount of property tax relief to be received pursuant  
36 to section 426B.2, in the fiscal year for which the  
37 budget is certified. The county auditor and the  
38 board of supervisors shall reduce the amount of the  
39 levy certified for the services fund by the amount of  
40 property tax relief to be received. A levy certified  
41 under this section is not subject to the ~~appeal~~  
42 ~~provisions of section 331.426 or to any other provision~~  
43 in law authorizing a county to exceed, increase, or  
44 appeal a property tax levy limit.

45 Sec. \_\_\_\_\_. Section 331.427, subsection 3, paragraph  
46 1, Code 2013, is amended to read as follows:

47 1. Services listed in section 331.424, subsection  
48 1, Code 2013, and section 331.554.

49 Sec. \_\_\_\_\_. Section 331.428, subsection 2, paragraph  
50 d, Code 2013, is amended to read as follows:

1 d. Services listed under section 331.424,  
2 subsection 2, Code 2013.

3 Sec. \_\_\_\_\_. Section 331.434, unnumbered paragraph 1,  
4 Code 2013, is amended to read as follows:

5 Annually, the board of each county, subject to  
6 section 331.403, subsection 4, sections 331.423 through  
7 ~~331.426~~ 331.424, and other applicable state law, shall  
8 prepare and adopt a budget, certify taxes, and provide  
9 appropriations as follows:

10 Sec. \_\_\_\_\_. Section 331.435, unnumbered paragraph 1,  
11 Code 2013, is amended to read as follows:

12 The board may amend the adopted county budget,  
13 subject to sections 331.423 through ~~331.426~~ 331.424 and  
14 other applicable state law, to permit increases in any  
15 class of proposed expenditures contained in the budget  
16 summary published under section 331.434, subsection 3.

17 Sec. \_\_\_\_\_. Section 373.10, Code 2013, is amended to  
18 read as follows:

19 **373.10 Taxing authority.**

20 The metropolitan council shall have the authority  
21 to levy city taxes to the extent the city tax levy  
22 authority is transferred by the charter to the  
23 metropolitan council. A member city shall transfer  
24 a portion of the city's tax levy authorized under  
25 section 384.1 or 384.12, whichever is applicable, to  
26 the metropolitan council. The maximum ~~rates~~ amount of  
27 taxes authorized to be levied under ~~sections~~ section  
28 384.1 and the taxes authorized to be levied under  
29 section 384.12 by a member city shall be reduced by an  
30 amount equal to the rates of the same or similar taxes  
31 levied in the city by the metropolitan council.

32 Sec. \_\_\_\_\_. Section 384.1, Code 2013, is amended by  
33 striking the section and inserting in lieu thereof the  
34 following:

35 **384.1 Property tax dollars — maximums.**

36 1. A city shall certify taxes to be levied by the  
37 city on all taxable property within the city limits,  
38 for all city government purposes. Annually, the city  
39 council may certify basic levies for city government  
40 purposes, subject to the limitation on property tax  
41 dollars provided in this section.

42 2. For purposes of this section and section 384.1B,  
43 unless the context otherwise requires:

44 a. "*Annual growth factor*" means an index, expressed  
45 as a percentage, determined by the department of  
46 management by January 1 of the calendar year in which  
47 the budget year begins. In determining the annual  
48 growth factor, the department shall calculate the  
49 average of the preceding twelve-month percentage  
50 change, which shall be computed on a monthly basis,

1 in the midwest consumer price index, ending with the  
2 percentage change for the month of November. The  
3 department shall then add that average percentage  
4 change to one hundred percent. In no case, however,  
5 shall the annual growth factor exceed one hundred four  
6 percent.

7 *b. "Boundary adjustment"* means annexation,  
8 severance, incorporation, or discontinuance as those  
9 terms are defined in section 368.1.

10 *c. "Budget year"* is the fiscal year beginning  
11 during the calendar year in which a budget is  
12 certified.

13 *d. "Current fiscal year"* is the fiscal year  
14 ending during the calendar year in which a budget is  
15 certified.

16 *e. "Net new valuation taxes"* means the amount of  
17 property tax dollars equal to the current fiscal year's  
18 levy rate in the city for the general fund multiplied  
19 by the increase from the current fiscal year to the  
20 budget year in taxable valuation due to the following:

21 (1) Net new construction, excluding all incremental  
22 valuation that is released in any one year from either  
23 a division of revenue under section 260E.4 or an urban  
24 renewal area for which taxes were being divided under  
25 section 403.19 if the property for the valuation being  
26 released remains subject to the division of revenue  
27 under section 260E.4 or remains part of the urban  
28 renewal area that is subject to a division of revenue  
29 under section 403.19.

30 (2) Additions or improvements to existing  
31 structures.

32 (3) Remodeling of existing structures for which a  
33 building permit is required.

34 (4) Net boundary adjustment.

35 (5) A municipality no longer dividing tax revenues  
36 in an urban renewal area as provided in section 403.19  
37 or a community college no longer dividing revenues as  
38 provided in section 260E.4.

39 (6) That portion of taxable property located in an  
40 urban revitalization area on which an exemption was  
41 allowed and such exemption has expired.

42 3. *a.* For the fiscal year beginning July 1, 2014,  
43 and subsequent fiscal years, the maximum amount of  
44 property tax dollars which may be certified for levy  
45 by a city for the general fund shall be the maximum  
46 property tax dollars calculated under paragraph "b".

47 *b.* The maximum property tax dollars that may be  
48 levied for deposit in the general fund is an amount  
49 equal to the sum of the following:

50 (1) The annual growth factor times the current

1 fiscal year's maximum property tax dollars for the  
2 general fund.

3 (2) The amount of net new valuation taxes in the  
4 city.

5 4. For purposes of calculating maximum property tax  
6 dollars for the city general fund for the fiscal year  
7 beginning July 1, 2014, only, the term "*current fiscal*  
8 *year's maximum property tax dollars*" shall mean the  
9 total amount of property tax dollars certified by the  
10 city for the city's general fund for the fiscal year  
11 beginning July 1, 2013.

12 5. Property taxes certified for deposit in the  
13 debt service fund in section 384.4, trust and agency  
14 funds in section 384.6, capital improvements reserve  
15 fund in section 384.7, the emergency fund in section  
16 384.8, any capital projects fund established by the  
17 city for deposit of bond, loan, or note proceeds,  
18 any temporary increase approved pursuant to section  
19 384.12A, property taxes collected from a voted levy  
20 in section 384.12, and property taxes levied under  
21 section 384.12, subsection 18, are not counted against  
22 the maximum amount of property tax dollars that may be  
23 certified for a fiscal year under subsection 3.

24 6. Notwithstanding the maximum amount of taxes  
25 a city may certify for levy, the tax levied by a  
26 city on tracts of land and improvements on the  
27 tracts of land used and assessed for agricultural or  
28 horticultural purposes shall not exceed three dollars  
29 and three-eighths cents per thousand dollars of  
30 assessed value in any year. Improvements located on  
31 such tracts of land and not used for agricultural or  
32 horticultural purposes and all residential dwellings  
33 are subject to the same rate of tax levied by the city  
34 on all other taxable property within the city.

35 7. The department of management, in consultation  
36 with the city finance committee, shall adopt rules  
37 to administer this section. The department shall  
38 prescribe forms to be used by cities when making  
39 calculations required by this section.

40 Sec. \_\_\_\_\_. **NEW SECTION. 384.1B Ending fund balance.**

41 1. *a.* Budgeted ending fund balances for a budget  
42 year in excess of twenty-five percent of budgeted  
43 expenditures from the general fund for that budget  
44 year shall be explicitly reserved or designated for a  
45 specific purpose.

46 *b.* A city is encouraged, but not required, to  
47 reduce ending fund balances for the budget year to  
48 an amount equal to approximately twenty-five percent  
49 of budgeted expenditures and transfers from the  
50 general fund for that budget year unless a decision

1 is certified by the state appeal board ordering a  
2 reduction in the ending fund balance of the fund.  
3 c. In a protest to the city budget under section  
4 384.19, the city shall have the burden of proving  
5 that the budgeted balances in excess of twenty-five  
6 percent are reasonably likely to be appropriated for  
7 the explicitly reserved or designated specific purpose.  
8 The excess budgeted balance for the specific purpose  
9 shall be considered an increase in an item in the  
10 budget for purposes of section 24.28.

11 2. a. For a city that has, as of June 30,  
12 2013, reduced its ending fund balance to less than  
13 twenty-five percent of actual expenditures, additional  
14 property taxes may be computed and levied as provided  
15 in this subsection. The additional property tax levy  
16 amount is an amount not to exceed the difference  
17 between twenty-five percent of actual expenditures for  
18 city government purposes for the fiscal year beginning  
19 July 1, 2012, minus the ending fund balance for that  
20 year.

21 b. All or a portion of additional property tax  
22 dollars may be levied for the purpose of increasing  
23 cash reserves for city government purposes in the  
24 budget year. The additional property tax dollars  
25 authorized under this subsection but not levied may be  
26 carried forward as unused ending fund balance taxing  
27 authority until and for the fiscal year beginning  
28 July 1, 2019. The amount carried forward shall not  
29 exceed twenty-five percent of the maximum amount of  
30 property tax dollars available in the current fiscal  
31 year. Additionally, property taxes that are levied  
32 as unused ending fund balance taxing authority under  
33 this subsection may be the subject of a protest under  
34 section 384.19, and the amount will be considered an  
35 increase in an item in the budget for purposes of  
36 section 24.28. The amount of additional property tax  
37 dollars levied under this subsection shall not be  
38 included in the computation of the maximum amount of  
39 property tax dollars which may be certified and levied  
40 under section 384.1.

41 Sec. \_\_\_\_\_. Section 384.12, subsection 19, Code 2013,  
42 is amended by striking the subsection.

43 Sec. \_\_\_\_\_. **NEW SECTION. 384.12A Authority to levy**  
44 **beyond maximum property tax dollars.**

45 1. The city council may certify additions to the  
46 maximum amount of property tax dollars to be levied  
47 for a period of time not to exceed two years if the  
48 proposition has been submitted at a special election  
49 and received a favorable majority of the votes cast on  
50 the proposition.

1     2. The special election is subject to the  
2 following:  
3     a. The city council must give at least thirty-two  
4 days' notice to the county commissioner of elections  
5 that the special election is to be held. In no  
6 case, however, shall a notice be given to the county  
7 commissioner of elections after December 31 for an  
8 election on a proposition to exceed the statutory  
9 limits during the fiscal year beginning in the next  
10 calendar year.  
11     b. The special election shall be conducted by the  
12 county commissioner of elections in accordance with  
13 law.  
14     c. The proposition to be submitted shall be  
15 substantially in the following form:  
16     Vote "yes" or "no" on the following: Shall the city  
17 of \_\_\_\_\_ levy for an additional \$ \_\_\_\_\_ each year  
18 for \_\_\_\_\_ years beginning next July 1, \_\_\_\_\_, in excess of  
19 the statutory limits otherwise applicable for the city  
20 general fund?  
21     d. The canvass shall be held beginning at 1:00 p.m.  
22 on the second day which is not a holiday following the  
23 special election.  
24     e. Notice of the special election shall be  
25 published at least once in a newspaper as specified  
26 in section 362.3 prior to the date of the special  
27 election. The notice shall appear as early as  
28 practicable after the city council has voted to submit  
29 a proposition to the voters to levy additional property  
30 tax dollars.  
31     3. The amount of additional property tax dollars  
32 certified under this section shall not be included in  
33 the computation of the maximum amount of property tax  
34 dollars which may be certified and levied under section  
35 384.1.  
36     Sec. \_\_\_\_\_. Section 384.19, Code 2013, is amended by  
37 adding the following new unnumbered paragraph:  
38     NEW UNNUMBERED PARAGRAPH. For purposes of a tax  
39 protest filed under this section, "item" means a  
40 budgeted expenditure, appropriation, or cash reserve  
41 from a fund for a service area, program, program  
42 element, or purpose.  
43     Sec. \_\_\_\_\_. Section 386.8, Code 2013, is amended to  
44 read as follows:  
45     **386.8 Operation tax.**  
46     A city may establish a self-supported improvement  
47 district operation fund, and may certify taxes not  
48 to exceed the rate limitation as established in the  
49 ordinance creating the district, or any amendment  
50 thereto, each year to be levied for the fund against

1 all of the property in the district, for the purpose  
2 of paying the administrative expenses of the district,  
3 which may include but are not limited to administrative  
4 personnel salaries, a separate administrative office,  
5 planning costs including consultation fees, engineering  
6 fees, architectural fees, and legal fees and all other  
7 expenses reasonably associated with the administration  
8 of the district and the fulfilling of the purposes of  
9 the district. The taxes levied for this fund may also  
10 be used for the purpose of paying maintenance expenses  
11 of improvements or self-liquidating improvements for a  
12 specified length of time with one or more options to  
13 renew if such is clearly stated in the petition which  
14 requests the council to authorize construction of the  
15 improvement or self-liquidating improvement, whether  
16 or not such petition is combined with the petition  
17 requesting creation of a district. Parcels of property  
18 which are assessed as residential property for property  
19 tax purposes are exempt from the tax levied under this  
20 section except residential properties within a duly  
21 designated historic district. A tax levied under  
22 this section is not subject to the ~~levy~~ limitation in  
23 section 384.1.

24 Sec. \_\_\_\_\_. Section 386.9, Code 2013, is amended to  
25 read as follows:

26 **386.9 Capital improvement tax.**

27 A city may establish a capital improvement fund  
28 for a district and may certify taxes, not to exceed  
29 the rate established by the ordinance creating the  
30 district, or any subsequent amendment thereto,  
31 each year to be levied for the fund against all of  
32 the property in the district, for the purpose of  
33 accumulating moneys for the financing or payment  
34 of a part or all of the costs of any improvement or  
35 self-liquidating improvement. However, parcels of  
36 property which are assessed as residential property  
37 for property tax purposes are exempt from the tax  
38 levied under this section except residential properties  
39 within a duly designated historic district. A tax  
40 levied under this section is not subject to the ~~levy~~  
41 limitations in section 384.1 or 384.7.

42 Sec. \_\_\_\_\_. REPEAL. Sections 331.425 and 331.426,  
43 Code 2013, are repealed.

44 Sec. \_\_\_\_\_. APPLICABILITY. This division of this Act  
45 applies to fiscal years beginning on or after July 1,  
46 2014.>

47 2. Page 19, line 8, after <property,> by inserting  
48 <establishing limitations on city and county budgets,>

49 3. By renumbering, redesignating, and correcting  
50 internal references as necessary.

SANDS of Louisa

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